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CAPITAL AND CURRENCY

CONSIDERED

IN THEIR RELATION TO THE WORKING CLASSES,

AND

TO THE PROGRESS OF THE NATION.

BENTON SEELEY, 2, HANOVER STREET, REGENT STREET.
SEELEY, JACKSON, AND HALLIDAY, FLEET STREET.
LONDON: MDCCCLVII.

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There seems to be some radical defect in our social system. The squalid poverty which so closely borders upon the haunts of wealth and fashion, does not result from the ordinances of the Creator, but is the effect of man's interference with those ordinances. The sentence pronounced upon man for disobedience was labour, not starvation; and even the sentence included a promise as well as a penalty, "In the sweat of thy face *shalt* thou eat bread." The talk about over-production and excess of population, is merely the excuse of scientific prejudice. The wise man said, "In all labour there is profit," and "in the multitude of people is the king's honour; but in the want of people, is the destruction of the prince."—What then is the reason that in a country abounding as this does with all the elements of wealth, so large a portion of its population are frequently brought to the brink of starvation?

The solution of this question is, the object of the following pages. One point is assumed, respecting which, if the reader feels any doubt, he had better lay aside these pages till he has ascertained it, *i. e.*, that every man in the enjoyment of ordinary health and strength is able to produce more than he needs to consume—and therefore the cause of the evil is to be found in the distribution of wealth, not in deficient production.

The author is quite aware of the contempt which is poured upon "currency doctors" in certain quarters, but he is fully convinced that until some

change is made, fits of panic will, from time to time recur, interfering with all trade, and materially impeding the progressive increase of wealth. In thus attaching so much importance to the subject of the currency, he gladly shelters himself beneath the authority of Mr. Malthus. "Theoretical writers on Political Economy, from the fear of appearing to attach too much importance to money, have, probably, been too apt to throw it out of their consideration in their reasonings. It is an abstract truth, that we want commodities, not money. But, in reality, no commodity for which it is possible to sell our goods at once, can be an adequate substitute for a circulating medium, and enable us in the same manner to provide for children, to purchase an estate, or to command labour and provisions a year or two hence. A circulating medium is absolutely necessary to any considerable saving; and even the manufacturer would get on but slowly, if he were obliged to accumulate in kind all the wages of his workmen." "The circulating medium bears so important a part in the distribution of wealth and the encouragement of industry, that it is hardly ever safe to set it aside in our reasonings." *Malthus*, p. 324.

He puts forth these pages now, not with any idea that he has exhausted the subject, but with the hope that now attention is drawn to it by the approaching expiration of the Bank Charter, some abler pen may shew the necessity of altering a system which is powerful for evil, but powerless for good.

March, 1857.

CAPITAL AND CURRENCY.

THE comfort and well-being of the labouring classes should be the first object of every Government. Depending upon the wages of their labour for the means of existence, they are little able to protect themselves against the oppression of the wealthy, whilst their ignorance of what would really be most for their benefit, renders them an easy prey to the designing and factious demagogue, who would take advantage of their distresses to make them the tools of his own selfish purposes. Their numbers rendering them formidable when excited by real or fancied wrongs, they constitute both the strength and the weakness of the State, and the stability and welfare of society, is at all times in proportion to the well-being of that class, the members of which are individually the weakest, though, when united, they form its strongest portion;—for as a house cannot be secure if its foundation is unsound, nor a tree fruitful if its roots be diseased,—so can no community be peaceful or prosperous, if that division of it, which depends for existence upon personal labour, is distressed and dissatisfied.*

A recent writer has said, that "a wide-spread and deep distress, has become a chronic disease in our social constitu-

* "Those who live upon the wages of labour, including of course those engaged in personal services, receive and expend much the greatest part of the annual produce, pay a very considerable sum in taxes, for the maintenance of the Government, and form by far the largest portion of its physical force." "In every point of view, both in reference to that part of the annual produce which falls to their share, and the means of health and happiness which it may be presumed to communicate, those who live on the wages of labour must be considered as the most important portion of Society; and any definition of wealth which should involve such a diminution of their numbers, as to require for the supply of the whole population a smaller annual produce, must necessarily be erroneous."—*Malthus*, p. 368.

tion ;" but surely, in a country abounding as this does, with all the elements of wealth, "chronic distress," must be an indication that something is out of joint in the social fabric, which we ought not to rest satisfied, without examining and attempting to remedy.

Some have supposed over-population to be the cause of the evil, and have proposed emigration as the remedy,—but as every able-bodied man can produce more by his labour than he needs to consume, population cannot really be in excess until the cultivation of the soil is carried to the highest pitch of which it is capable, and not another blade of grass or another ear of corn, can be produced. Emigration therefore does not reach the source of the mischief, and should be resorted to only as a temporary expedient, under pressing necessity, and should not be adopted as a permanent and continued system.

Before we can be in a position to apply an effectual remedy, we must ascertain the real origin of the evil. What then is the cause, that notwithstanding the great increase which has taken place in the wealth of the country during the last eighty or one hundred years, there so often recur periods of stagnation of trade and commercial depression, when large numbers of labourers are unable to obtain employment?

This question does not concern the labouring classes alone, but the progress of the nation is involved in its correct solution, for wealth can be accumulated only from the surplus of the commodities produced over what are consumed, therefore any cause which checks production, will not only diminish the power of further accumulation, but as the labourers must be fed, whether employed or not, their maintenance will tend to impoverish the country, until they are starved off or emigrate.

There is scarcely any point in Political Economy upon which authorities are so unanimous as this, that the

demand for labour, and consequently its remuneration, are always in proportion to the capital of the country.*

Capital is that portion of the wealth of a country which is employed in production, and like all wealth, is accumulated from the surplus of the goods produced over those consumed. While population therefore is dependent upon capital for employment, capital can only be increased by the regular employment of labour.

There are various ways in which the amount of capital employed in production is diminished—it may, in consequence of the low rate of profit, be diverted from trade and expended on articles of luxury—or it may be sunk in unprofitable speculations;—as these are the effects of a want of profitable employment for capital, we shall not touch upon them, our object being to show the effects of a deficiency of capital. It may also be diminished in consequence of a deficient harvest rendering it necessary to import large quantities of consumable articles, or it may be sent abroad for the support of armies in time of war: in both these cases there is a loss of capital, and until its place is supplied a stagnation of trade

* "The general industry of the society never can exceed what the capital of the society can employ. As the number of workmen that can be kept in employment by any particular person, must bear a certain proportion to his capital, so the number of those that can be continually employed by all the members of a great society, must bear a certain proportion to the whole capital of that society, and never can exceed that proportion. No regulation of Commerce can increase the quantity of industry in any society beyond what its Capital can maintain."—*Smith*, b. iv. c. 2.

" . . no country can ever reach the stationary state, so long as she continues to add to her capital. While she does this, she will have an increasing demand for labour, and will be uniformly augmenting the mass of necessaries and conveniences, and consequently, also, the numbers of her people. But when no additions are made to Capital, no more labour will be, or at least can be advantageously employed. And should the national Capital diminish, the condition of the great body of the people will deteriorate; the wages of labour will be reduced; and pauperism, with its attendant train of vice, misery and crime, will spread its ravages throughout society."—*M'Culloch*, p. 108.

and want of employment for the labouring classes must be the result.

The form in which capital is lost to the country is in the first instance in the exportation of the precious metals.

If gold and silver stood in the same position as other commodities, their exportation would produce a similar effect to that produced by the exportation of cotton, silk, or coffee, *i. e.*, the value of what remained in the country would rise as compared with other goods, while that of other goods would fall as compared with gold and silver.

The employment however of the precious metals as money, and their price being consequently fixed by law, prevents what would be the natural effect of their exportation, and causes the whole of the alteration of price to fall upon other commodities, which must fall whenever gold and silver become more valuable.

If the only money current consisted of the precious metals, the effect of their exportation would be confined to this, *i. e.* their relative value as respects other commodities being raised, whilst their price is fixed, the price of all other commodities must fall in proportion to the increased value of gold and silver.

In all commercial countries, however, another species of money is employed, consisting of bank notes, bills of exchange, &c., which, possessing no intrinsic value, circulate as money by the authority of Government, or by common consent.

The value of gold and silver, if no other money were current, would depend upon their relative proportion to other commodities, but their value as money will depend upon the proportion which the whole of the money current bears to the whole of the commodities in the country.

The money which does not consist of the precious metals having no intrinsic value, is current merely on the credit of fixed or other capital possessed by its issuers, the possession

of which can be demanded by its holders, either at pleasure or at some fixed time specified in the instrument itself. Such money constitutes no addition to capital; it is merely the *representative* of it; but its employment facilitates exchanges, and the increased amount of money reduces the rate of interest, raises prices, and production is stimulated. It thus produces many of the effects of real capital, while it is current, and is, in fact, equivalent to rendering fixed capital circulating for the time.

So far as this kind of money represents specie, it is of course, subject to the same laws, and is employed only as a matter of economy and convenience, to save the wear of large quantities of coin, and the labour that would be required to carry it from place to place.

A considerable amount, however, of paper money being current which represents other capital, whilst the holders of it are entitled to demand its payment in gold, gives rise to those sudden fluctuations of prices, which paralyze trade, and are the source of so much misery to the industrious classes.

The paper issued by the Bank of England is chiefly employed in the discount of bills of exchange, but when gold is in demand for exportation, the Directors are obliged to raise the rate of interest, as well as to contract the amount of their discounts; merchants are then compelled to force sales, in order to provide the means of meeting their engagements, and prices are thus driven much lower than would have been the effect of the mere export of gold.*

* The operation of the present system may be thus explained. Whenever any great excess of imports takes place, such as is occasioned by a deficient harvest, the exchanges become adverse, and gold is exported until the balance is restored. "By this exportation of money, its value is raised in England, and lowered in other countries; and with it the natural price of all commodities, produced by British industry, is also lowered. The advance in the value of money is the same thing as the decline in the price of commodities." More goods must now be sold for a given amount, which will not procure the same quantity of foreign goods;

Such fall of prices, affecting all stocks on hand, is equivalent to a loss of capital, and diminishes the power of accumulating capital to replace what had been exported.*

The rise in the rate of interest, or, as it is called, in the value of money, causes all persons engaged in trade to limit their transactions, in order to avoid the increased charge. This again, checks production and the accumulation of capital.

In all large mercantile communities there are always many transactions in progress, which occupy a considerable time before they can be brought to completion. These are based upon the average rate of prices, and any general reduction defeats all previous calculation, and will render such transactions occasions of loss instead of gain.

Suppose a person to have bought an estate for 10,000*l.*, half of the money to remain on mortgage at 4 per cent.; the value of money rises to 6 per cent.; the mortgagee demands his money; the estate is re-sold, and realises only 7,000*l.*; half of his property is at once swept away, and if the mortgagee is in a position to re-purchase the estate, he may clear 2,000*l.* or 3,000*l.* at the expense of the other party.

Or, suppose a merchant buys corn or cotton to a large amount, money being worth 4 or 5 per cent., it rises to 6 or 7 per cent.; before he has sold it, prices

because whilst the diminution of money in England has lowered the natural price of goods there, the increase of money abroad has raised the natural price of foreign goods, money will have altered in relative value, and the foreigner will gain the advantage of obtaining a greater quantity of English in exchange for foreign goods, while England will sustain the loss of obtaining a smaller quantity of foreign goods in exchange for her own productions.—*See Ricardo, pp.* 206-7.

* "In a country which has a circulating medium, the specific proof of the distribution being defective is, that the whole produce does not exchange for so large an amount of circulating medium as before, and that, consequently, the producers have been obliged to sell at a great diminution of money profits, or a positive money loss."—*Malthus, p.* 385-6.

fall, and he cannot realise what it cost him; nor is the effect merely the transfer of property from one individual to another—*a rise in the rate of interest is no addition to the wealth of a country, but is both a sign and a cause of its decline.* The interest of capital is a portion of the annual produce paid to its owners by the industrious classes, and an increase of the rate of interest, consequent upon a scarcity of money, is a deduction from their profits, and diminishes their ability to accumulate capital themselves. It operates, therefore, as a check to production, without any countervailing advantage.

Thus, we see that the fluctuations in the value of money, which are consequent upon the exportation of gold under the present system, are a hindrance to the progress of the nation, and are the chief cause of those periodical depressions of trade, which from time to time spread distress and ruin to so many homes.

But, how is this to be prevented? When corn is wanted, gold will be required to pay for it, and prices must fall until the balance is restored. This is to a certain extent true; but why should the evil be aggravated by the attempt to force bullion back again in an unnatural manner? Gold is exported to pay for corn as a commodity, why then should the natural law of the value of commodities being as their relative proportion to each other, be interfered with by our arbitrary and local currency laws? Let gold find its value in the market in the same manner as other commodities, and any extraordinary demand for exportation will cause its price to rise in due proportion, and the loss instead of being, as now, borne by the producing classes alone, will be generally dispersed through the whole community; and the accumulation of capital which is constantly going forward in the country, would in due time bring back the gold again without any such convulsive and mischievous effects as are occasioned by our present currency laws.

Suppose that a tradesman having all his capital employed in a large and profitable business, should be put to some large and unexpected expense, which he was not provided for, would he not endeavour to borrow the money for a time, and dividing it over a term of years, aim by personal economy to pay it off by instalments, without interfering with his business? But suppose instead of adopting this rational course, he should at the same time reduce the price of all his goods below what they cost him, and also sell off a portion of his stock to pay off the debt, thus reducing the amount of his business at the same time that he rendered it unprofitable, would such a man be fit to carry on business? Would not such a course inevitably lead to bankruptcy?

Now this is just what England has been doing.

She has a large capital, and a large number of labourers who must be fed whether employed or not, and whose labour enables her to increase her capital year by year. A sudden expense comes in the form of a deficient harvest, rendering it necessary to import large quantities of corn and occasioning gold to be exported to pay for it. Instead of borrowing the money by issuing notes to supply the place of the gold abstracted, and, keeping her labourers employed, endeavouring by economy to pay off the debt out of the produce of their labour, she says,—No, I'll pay it off at once; sell stock to realise the money (gold), and though I must feed my labourers whether they are at work or not, send away the capital which would keep them employed.

She was punished by the panic of 1847. Is the folly to be repeated?

There has been a large drain upon the resources of the country for the war, the full effects of which have not yet been felt, but may be expected to come into operation before long. What can be done to remedy the evil?

The loss of capital from deficient harvests, or from foreign war cannot be prevented; the question is, how can the effects be mitigated instead of being increased, as is the case at present?

There is no remedy so long as the currency consists of two discordant elements. Whenever the exportation of gold causes its value as bullion to rise above the price at which it circulates as money, it will be withdrawn from circulation, and credit being shaken, the capital employed in production will be diminished to a much greater degree than the actual loss of real capital.

The remedy then is to be found in rendering the currency of the country uniform in its nature, and then we may reasonably look for more regularity in its action.

The Bank of England is empowered by its Charter to issue notes to the amount of 14,000,000*l.*, being the amount lent to Government, but for all notes above that sum it is required to have in its vaults gold to pay on demand at the rate of 3*l.* 17*s.* 10½*d.* per oz. This is said by the advocates of the present system to secure the convertibility of its notes under all circumstances. But suppose gold should be required for a portion of the 14,000,000*l.*, where could it be obtained? There would be no possibility of obtaining it—and therefore whenever the stock of bullion approaches within certain limits of this privileged amount, the rate of interest is always raised in order to check the demand, the artificial scarceness of money thus produced makes every one more anxious to obtain and retain all he can, so that if the demand should continue, all the business of the country would be brought to a stand;—and the country is exposed to such a possibility in order to secure a "fixity of value." Is the value of a 5*l.* note no greater when it will purchase double the quantity of other goods that it would previously?

But this may be said to be an extreme view of the case, and that such a contingency could never arrive. Very true, it could not arrive, because a revolution would take place first. It would have arrived in 1847 but for Lord John Russell's Letter; and if we should have deficient harvests for two or three successive years, it is doubtful whether

even a similar relaxation would be sufficient to ward off the danger.

The soundness of a principle is tested, however, by its effects when carried to an extreme, and if such results would follow from the present system of currency, we are justified in attributing to the same cause similar effects in a minor degree.

Let us consider then how such evils may be prevented.

The two chief requisites of money are—1st, that its value should be subject to as little variation as possible; and 2ndly, that its amount should be sufficient to answer all the requirements of an increasing population. If that in which the value of all things is measured, is itself of fluctuating value, its usefulness as a measure is lessened, if not destroyed, and as it is the medium in which all exchanges are made, great inconvenience and loss must be the consequence of the supply being insufficient. Gold being a commodity, must be subject to fluctuations of value, and being liable to be exported for the purchase of foreign produce, its quantity may be suddenly diminished to such an extent as seriously to cripple the trade of the country. It is therefore deficient in the two principal qualifications of a perfect standard of value. A species of money is, however, extensively used in this country, which by a very slight alteration would afford what is needed. Bank-notes are the most convenient and inexpensive species of money that has been employed, and all that is needed is to render their value invariable, and to provide that the amount in circulation shall always be equal to the necessities of the country, and never exceed it. There is a very simple mode by which this condition may be secured. The rate of interest which money bears is a test both of its value and of the supply, and if it were possible to provide that this should never vary, the end desired would be attained. Whilst the Bank-note is considered as the representative of a fixed quantity of gold, this is clearly impossible, but once get rid of this

condition, and all that would be necessary would be to remove the power of issuing notes from a private corporation like the Bank of England, which has the interests of its shareholders to consider, and place it in the hands of public Commissioners who should be responsible for carrying out certain definite and unvarying principles. Let such a Board be appointed by authority of Parliament, without any private interests to serve — give it power to issue notes to any amount that might be required—such issues to be made in loans on certain specified kinds of property, no loan being less than a given sum, *but always at the same rate of interest*, and a currency would be provided which would be more convenient, more safe, and less variable in value than the world has ever seen. Commerce would be released from the trammels under which it now labours, the resources of the country would be developed to the utmost extent without risk, and the interest received on the advances made would form an effective Sinking Fund, the regular application of which to the redemption of the National Debt, would before no very long period place the finances of the country in a position in which they have never yet been, and ultimately relieving the industrious classes from the incubus of taxation under which they have so long laboured, would make this country in reality, what it has sometimes been termed, "the workshop of the world!"

What then are the objections to the adoption of such a plan?

The chief objection to the issue of notes not convertible into gold has been, that having no definite basis, and being issued arbitrarily without any fixed principle to regulate it, over-issues have led to its depreciation, have fostered the spirit of reckless speculation, ending in panic and the ruin of thousands. But how could this happen if the fundamental principle of an unvarying rate of interest were steadily adhered to. It is the wide fluctuations in the value of money which produce panics. When the Bank discounts at 2½, or 3 per

cent., men are tempted to embark in speculations which would probably be profitable if money continued at that low rate—the extension of trade renders money scarce, the rate of interest is raised, and a scramble ensues amongst those who have engagements to meet, which drives it up to a point that renders the most promising affairs unprofitable. But let the rate of interest never vary, let the advances be made at any time and for any period, giving the borrowers the right of paying off a loan at any time on giving seven days' notice, —and what possibility could there be of the notes ever being in excess or ever being depreciated. Whenever the demands of trade caused the rate of interest to rise above that at which the advances were made by the Board, bankers and others having the requisite description of property would obtain loans in order to reap the advantage, until the deficiency was supplied; on the other hand, whenever it fell, so as not to afford a sufficient profit upon that rate, loans would be paid off until the balance was restored. Thus the current rate of interest could never be much above or much below that fixed by the Board.

It may be thought that such a plan would affect the foreign exchanges, so as to injure the trade of our manufacturers. A little consideration will show that this would not be the case. At present the price of gold being fixed, it is the first thing exported to settle the balance of trade, it being some little time before the prices of other commodities are adjusted to the altered circumstances. Meanwhile, trade suffers a depression, and almost the whole loss falls upon the producing classes; but, release gold from this condition, and allow its price to rise in proportion to its increased value, like other commodities, and it would be as profitable to export goods as gold, trade, instead of being paralysed by an adverse state of the exchanges, would be stimulated to increased exertion, by the demand for goods to pay for the increased importation, and the loss would be more equally distributed through the community.

Another, and the most important objection of all, is that it would be a breach of faith with the fundholder; the loans contracted during the war having been obtained on the express stipulation of a return to cash payments within a certain period after its close. This objection, if well founded, would entitle the fundholder to compensation for any injury which might be inflicted by the proposed plan. But, 1st, Parliament had no right to make such a compact, involving, as it did, extensive injury to the great mass of the population, who could not understand the question, and who had no power of expressing an opinion if they had understood it; and, 2ndly, Even if such a compact were both legally and morally binding, the interests of a few must not stand in the way of the benefit of the whole community; and it could, therefore, only give them a claim to compensation for any injury that they might suffer,—to what would this amount? and, 1st, the *amount* of neither capital or income would be affected: if a man has 100*l.*, 1,000*l.*, or 10,000*l.* in the funds, he would have the same amount still; if he receives his half-yearly dividends of 10*l.*, 100*l.*, or 1,000*l.*, the same sum would be paid him still. Nor, 2ndly., would the *value* of his income be diminished; it would still give him the same command as before over the necessaries and conveniences of life, while in all probability the progressive increase of wealth, would before long produce such a general and permanent reduction of prices, that his income would be more, instead of less valuable.

To conclude, we find,

1st. That that part of the population which depend for support upon their own labour form the most important class of the community; and that upon which the welfare of the whole mainly depends.

2nd. That the employment of the labouring classes, and the progress of the nation, are in proportion to the capital employed in production.

3rd. That deficient harvests and foreign war abstract capital from the country.

4th. That capital is in the first instance exported in the form of specie.

5th. That in consequence of the price of gold being fixed, it is prevented from returning to the country until all other commodities have fallen in proportion to the increased value of gold.

6th. That the whole loss is thus made to fall, in the first instance, upon those who are productively employed, while capitalists, landlords, and all persons with fixed incomes derive actual advantage from the reduction of the price of commodities.

7th. That not only is production checked by the loss of capital, but it is still further impeded by credit being shaken, and by the increased value of money.

8th. That not only is production, and the accumulation of capital, checked by these causes, but the natural stimulus which would be given to trade by the effort to repair the loss, is interfered with by the price of gold being kept down by artificial means.

9th. That the exportation of gold, as a commodity, cannot be prevented when the exchanges are adverse; and, therefore, the consequent derangement of the currency cannot be prevented, except by making it independent of the precious metals.

10th. That paper, under proper regulation, affords the cheapest, most convenient, and least variable medium of exchange.

11th. That the depreciation of a paper currency by over issues, and any considerable fluctuation in its value, may be prevented, by making the amount contingent upon the rate of interest.

12th. That the object of the stipulation for a return to cash payments made in the contracts for loans, having

been to preclude their being paid off in a depreciated currency, there would be no breach of faith with the national creditor in the adoption of a paper currency, if protected against depreciation.

Amongst other advantages of a paper over a metallic currency, an important one is, that it releases capital from the unproductive form of money, and converts it into what is, or is capable of becoming, productive capital. "In the form of money, this capital is productive of no profit; in the form of materials, machinery, and food, for which it might be exchanged, it would be productive of revenue, and would add to the wealth and the resources of the State." —*Ricardo, p.* 139. *See also Mills' Principles of Political Economy, Vol.* 2, *p.* 174.

Mr. Ricardo thus explains the advantages of a paper currency.

"All writers on the subject of money have agreed that uniformity in the value of the circulating medium is an object greatly to be desired. Every improvement, therefore, which can promote an approximation to that object, by diminishing the causes of variation, should be adopted."

"While the precious metals continue to be the standard of our currency, money must necessarily undergo the same variations in value as those metals."

"A currency may be considered as perfect, of which the standard is invariable, which always conforms to that standard, and in the use of which the utmost economy is practised."

"Among the advantages of a paper over a metallic circulation, may be reckoned, as not the least, the facility with which it may be altered in quantity as the wants of commerce and temporary circumstances may require; enabling the desirable object of keeping money at a uniform value, to be, as far as it is otherwise practicable, securely and cheaply attained."

"Whenever merchants have a want of confidence in each other, which disinclines them to deal on credit, or to accept each others notes, cheques, or bills; more money, whether it be paper or metallic money, is in demand; and the advantage of a paper circulation, when established on correct principles, is, that this additional quantity can be presently supplied without occasioning any variation in the value of the whole currency, either as compared with bullion or with any other commodity; whereas, with a system of metallic currency, this additional quantity cannot be so readily supplied, and when it is finally supplied, the whole of the currency, as well as bullion, has acquired an increased value."

"A well regulated paper currency is so great an improvement in commerce, that I should greatly regret if prejudice should induce us to return to a system of less utility. The introduction of the precious metals for the purposes of money, may with truth be considered as one of the most important steps towards the improvement of commerce and the arts, of civilized life; but it is no less true, that with the advancement of knowledge and science, we discover that it would be another improvement to banish them again from the employment to which, during a less enlightened period, they had been so advantageously applied."—*Ricardo*, pp. 397-9, 404.

The "*Times*" declared in 1841, that "our system of paper currency will remain imperfect until some mode shall be discovered of enabling it to apportion its supply and demand, without reference to the efflux or influx of specie."

It must rest with the public to judge whether the plan now proposed meets this requirement.

T. C. JOHNS, Printer, Wine Office Court, Fleet Street.

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